

MANAGEMENT PROGRAMME

Term-End Examination

December, 2010

MS-91 : ADVANCED STRATEGIC MANAGEMENT

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

Note :

- (i) There are two sections – A and B.
- (ii) Attempt any three questions from Section–A, which carry 20 marks each.
- (iii) Section–B is compulsory and carries 40 marks.

SECTION - A

1. (a) What can be the different approaches to Corporate Management ? Which approach would you support and why ?
(b) What are supposed to be the four grand strategic alternatives ? Discuss them briefly. What strategic alternative(s), you believe; most of the corporate enterprises must be following in this period of downturn/slowdown ?
2. (a) Discuss briefly the law-related expectations about the role of Board of Directors.
(b) What is Corporate Governance and why is it important ? Can corporate governance ensure the prevention of fraudulent practices by management ? Citing at least one example from the recent corporate experience, discuss why such practices were taken lightly and what can be done to avoid their recurrence in future ?
3. (a) What strategic choices are available to company in a dynamic environment ? When is early entry generally recommended in a dynamic industry ?
(b) Explain some of the pricing strategies and their different implications that could be adopted in different market structures ?
4. (a) Explain the role of Information Technology (IT) in strategy implementation. Can IT assist in enhancing the competitiveness of a firm ? Explain, how ?
(b) What is knowledge Management and how can it help in strategy formulation and implementation ? Explain and illustrate with the help of some well-known examples from Indian industry.

5. (a) Why has the concept of Corporate Social Responsibility (CSR) gained so much attention these days ? Discuss the scope of activities falling under the domain of CSR.
- (b) Examine the relationship between Social Audit and Corporate Social Responsibility. How could Social Process Audit be helpful in this regard ?

SECTION - B

6. A non-resident Indian (NRI) wishes to invest in India and plans to set up an industrial unit in a high-growth, high technology industry. What industry (out of Automobile, Pharmaceutical, Computers) can be feasible and what initial broad strategy would you suggest and why ?
7. After reading and analysing the following Case carefully, answer the questions given at the end.

Marley Simpson

A NEW PLATFORM WON'T COME CHEAP. AND THEN, the bike runs into the danger of losing its retro look," Dev Vyas, the Chief Technical Officer of Marley Simpson, was telling the young new CEO, Sunjay Mallik.

Marley Simpson was 50 years old as a motorcycle company. The bike in question was a classic 350-cc design that, with its V-shaped engine, was once the coolest cruiser on Indian highways, but had seen 100-cc utility bikes made by Indo-Japanese collaborations zip past its modest sales volumes. Yet, despite its bikes being fuel-guzzlers, Marley Simpson had managed to retain a market niche amongst India's true bikers—for whom the machine was part of their identity, their very being, and not some low-cost transportation device.

The problem was that Marley Simpson, for all the passion it aroused, was not making any money. Selling just 20,000 cruisers a year, in a domestic market of 2.6 million-odd mobikes, the company had been losing money for the past four years. Mallik and Vyas had sat for hours, with some other colleagues, to discuss ways in which its bikes could be re-engineered to appeal to a larger market-without losing the core values of the brand. And the brand was the company's biggest asset. The Marley Simpson rider had to remain the very exponent of freedom and individuality, as fiercely resistant to being 'boxed in' as always.

Could something be done ? Sure, thought Mallik and his team. Just two years ago, the Chief of Detroit's second largest car-maker had expressed interest in buying the business. To Mallik, this was testimony to its turn-around-ability. "We cannot afford to invest heavily," said Mallik. "Nor can we afford any substantial increase in variable costs." Unit manufacturing costs were already too high. And that too, for products that weren't seen as the best wheels to burn rubber with.

In some ways, Marley Simpson's big problem was that it was an orphan. The firm's original UK-based parent had shut shop long ago, depriving it of technological inputs. But seen another way, orphanhood was also a big strength. It forced the firm to think hard for itself, and thereby gave it the freedom to reject conventions that the industry seldom questioned.

Marley Simpson prided itself in its ability to see everything from the broadest possible perspective. There was no need to reinvent the wheel, it knew, nor live in awe of it. Technology no longer defined the core of the business worldwide. Capacity was no big deal either. Almost everything could be outsourced.

"Outsourcing design work from vendors was a smart move," said Vyas. "We have actually saved something like Rs 2 crore in the process." Marley Simpson's own CAD/CAM designing facility was doing some good work too, saving the company money on using European design shops for even minor changes.

Mallik nodded. The 'powertrain' (comprising the engine and transmission system) was the only thing it needed to make in-house, with vendors supplying the rest.

"That's the only way we can focus on the more critical aspects of business -like product development and marketing," said Vyas. With market forces coming into play, the game was increasingly about the front-end, the consumer interface. The challenge was to have the right products to offer. "Volumes should increase with the launch of new models. What do you say, Vyas?" asked Mallik.

Vyas signalled his assent. But Deepak Gupta, the Marketing Director, who had just entered the room, thought it best to hold up a 'market reality' flag, to keep optimism in check. "The last two launches," he said, "have certainly made things better, but only marginally."

Mallik chose not to respond, knowing that the stronger bets were the two new models that were still to come. The old models had been upgraded, too, with a new gear-box, engine and suspension. Moreover, with modern common-to-all components in place, the company could economise on materials too. Vyas reiterated some of the gains made on these processes.

"That's good. But how to do we increase demand?" asked Mallik, looking for some grand ideas rather than the usual incrementalism. Nobody spoke.

"Exports is another market we should concentrate on," said the CEO at length. This was a plan that had been bouncing around the company for many months now. There was evidence that many Asian markets in the region had begun absorbing cruisers in large numbers. The driving force? The openness-seeking, globally-exposed youth culture. But quality expectations in these markets were extremely high. Moreover, the spirit of biking still had to be marketed well, before the incipient trend could become significant enough to warrant top-level attention.

Immediate volumes would have to come from the domestic market. "The other option, of course, is to upgrade our capacity and go mass like all the rest of them," said Mallik, knowing full well that this would mean setting aside Marleyism for a new obsession called fuel-efficiency (four-stroke engine, low displacement, low-weight parts and all the rest of it).

Technically, Marley Simpson could easily acquire fuel-saving technology to build an entirely new platform. The Japanese had mastered the technology to survive high fuel costs.

But was this the solution? Did a latecomer have any chance at reaching the 1-million-plus volumes achieved by Halo Handa, the market leader? No. It would be defeatist from the brand perspective, in a way, too.

At least the existing niche was its own niche. Ideally, the niche would widen its appeal, to encompass even those who have no clue what goes on in a biker's head. This could happen if roads improved, fuel sensitivity declined and mass attitudes towards free-wheeling underwent a shift—which required a sustained convergence campaign. It would still be one Herculean task, and that too, requiring extreme patience. But it would at least be the stuff of genuine leadership.

What should Marley Simpson do?

Questions :

- (a) What are the strategic options open to the company? Would you recommend any particular strategic option and why?
- (b) As posed toward the end of the case, what should the company do? Support your answer with valid reasons.
